Conference Leader: Workers Losing

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"The problem is that we are no longer a world leader in productivity," said William Seidman. "We now have one of the lowest growth rates in productivity among all the industrialized nations in the world."

And that is one of the reasons, Seidman said, that he is presiding at the White House conference on productivity today and Thursday at Duke University. Seidman is dean of the business school at Arizona State University. He was assistant to the president for economic affairs during the Ford Administration.

"WE HOPE THAT these conferences will help move the United States back to the path of our old productivity growth," he said in an interview Tuesday.

He gave this example of the extent of the problem: "If the United States had continued to maintain during the past year or two its historical rate of productivity growth, wage earners today would be averaging $5,000 per year greater income than they currently enjoy. That $5,000 loss of earnings per worker is a minimum loss, without compounding for future growth."

The primary task of the White House conferences—this one in Durham is the first of four to be held this summer—will be to examine reasons for the "precipitous decline" in productivity growth and, at the same time, to search for possible antidotes.

Seidman said, "There is little question that for too long the incentives to consume have overwhelmed the impulse to save . . . the percentage of disposable personal income devoted to savings in 1980 was 21 percent in Japan, 15.5 percent in France, 13 percent in West Germany and only 5.6 percent in the United States."

HE SAID THE figures on capital investment in manufacturing during the 1970s are equally dramatic. In Japan, investments in manufacturing amounted to 26.5 percent of output; in the United States, the comparable figure was 9.6 percent.

As for why American productivity has not kept pace with the rest of the world, Siedman cited a number of factors. Some of them are:

- The mandatory capital spending for environmental protection, which has no accompanying measurable growth in goods and services.
- The antagonistic relationship between labor and management and government, which results in large business costs unlikely to improve productivity.
- The tremendous cost in time and money for litigation, which is not only not productive, but is counterproductive.
- A tax system that not only promotes spending rather than savings, but also curbs entrepreneurship.
- Huge federal deficits caused by runaway government spending that pre-empts productive private-sector capital and uses it for "Robin Hood"-like transfer payments.
- The decline in workers' desire to produce a full day's work for a full day's pay, sometimes in part attributed to union-dictated work practices and other times to a general decline in the work ethic.
- Inflation, which has hampered long-term planning and produced discounted cash flows.
- The alleged inefficiency of governmental operations, which take a larger share of resources, while returning a less-efficient service.

Seidman said he hopes to get ideas from business people, the academic community and ordinary people about solving the productivity problem. People can send their comments to William Seidman, White House Conference on Productivity, 736 Jackson Place, Washington, D.C. 20006.

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